

April 15, 1999

Legislative Audit Commission
622 Stratton Office Building
Springfield, IL 62706

Dear Members:

In accordance with section 3-15 of the Illinois State Auditing Act (30 ILCS 5/3-15), I hereby submit the report on the operations of the Office of the Auditor General for the third quarter of Fiscal Year 1999, which ended March 31, 1999.

FISCAL MATTERS

<i>FY 1999 - THIRD QUARTER</i>				
	<i>Appropriation</i>	<i>Expended</i>	<i>Obligated</i>	<i>Balance</i>
Personal Services	\$ 3,157,500	\$ 2,173,457	\$ 0	\$ 984,043
Employee Retire. (Employer)	126,300	82,679	0	43,621
State Retirement	303,100	207,249	0	95,851
Social Security	241,600	159,765	0	81,835
Contractual Services	544,000	312,977	116,543	114,480
Travel	85,000	48,175	0	36,825
Commodities	18,800	6,792	0	12,008
Printing	16,700	10,330	0	6,370
Equipment	44,500	43,299	0	1,201
EDP	98,000	26,087	5,250	66,663
Telecommunications	80,000	40,079	0	39,921
Oper. of Auto. Equip.	5,200	1,589	0	3,611
Audits/Studies/Invest.*	<u>11,409,600</u>	<u>5,587,188</u>	<u>2,090,844</u>	<u>3,731,568</u>
TOTAL	<u>\$16,130,300</u>	<u>\$8,699,666</u>	<u>\$2,212,637</u>	<u>\$5,217,997</u>
*Audit Expense Fund				

PERSONNEL

<i>PERSONNEL</i>					
	<u>01-01-99</u>	<u>Appointments</u>	<u>Separations</u>	<u>Transfers</u>	<u>03-31-99</u>
Springfield	64	0	3	0	61
Chicago	<u>11</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>10</u>
TOTAL	75	0	4	0	71

CONTRACTS

During the third quarter of Fiscal Year 1999 the Office of the Auditor General entered into three administrative contracts, five audit contracts and two information systems contracts.

TRAINING

Training for the third quarter of Fiscal Year 1999 included Accounting and Auditing Standards Update, Computer Security Awareness, Negotiation Skills for Auditors, Using Access to Analyze Financial Data and Using Microfiche for Audit Purposes. Additional external training that staff participated in includes Control Objectives for Information and Related Technology, DB2 - Introduction with SQL, Illinois Procurement Code and Procurement Auditing, Institute of Internal Auditors-Central Illinois Chapter District Workshop, Leadership: Change, Challenge and Empowerment, Value Added Operational Auditing, Roles and Responsibilities of the Internal Auditor, Train the Trainer and Y2K Contingency Planning.

PERFORMANCE AUDITS

<i>PERFORMANCE AUDITS IN PROGRESS</i>
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<i>AUDITS</i>	<i>ESTIMATED RELEASE DATE</i>
<ul style="list-style-type: none">• Compliance and Management Audit of Chicago's Airports (PA 89-386)• Delta Dental (LAC Resolution #113)• State Fire Marshal (House Resolution #486)• Pilsen Little Village Community Mental Health Center, Inc. (House Resolution #385)• Provider Cost Survey (House Resolution #504)• Home Health Care (LAC Resolution #114)• Illinois Math and Science Academy (LAC Resolution #115)	<p>Unknown</p> <p>Spring 1999</p> <p>Spring 1999</p> <p>Spring 1999</p> <p>Spring 1999</p> <p>Spring 1999</p> <p>Summer 1999</p>

FINANCIAL & COMPLIANCE AUDITS

The following is a listing of financial and compliance audits for the period ending June 30, 1997. As the year progresses the "date released" column will be completed.

<i>FINANCIAL & COMPLIANCE AUDITS FOR THE PERIOD ENDING JUNE 30, 1997</i>

F = Financial

C = Compliance

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Agriculture - General Office	x	x	04-15-98
Alton Mental Health Center		x	03-12-98
Anna Mental Health Center (Choate)		x	03-12-98
Arts Council and Foundation	x	x	04-98-98

FINANCIAL & COMPLIANCE AUDITS (Continued)

AGENCY	F	C	DATE RELEASED
Attorney Registration and Disciplinary Commission	x	x	05-13-98
Board of Admissions to the Bar	x	x	05-13-98
Board of Higher Education	x	x	07-22-98
Bureau of Admin. Support Services		x	03-12-98
Bureau of the Budget	x	x	03-24-98
Capital Development Board	x		03-24-98
Chester Mental Health Center	x	x	03-12-98
Chicago Metro Child and Adol. Ctr.		x	03-12-98
Chicago Read Mental Health Center	x	x	03-12-98
Chicago State University	x	x	04-23-98
Chicago State University Foundation	x	x	04-23-98
Choate Mental Health and Developmental Center		x	03-12-98
Civil Service Commission	x	x	04-29-98
Commerce Commission	x	x	04-29-98
Commission on Intergovernmental Cooperation	x	x	04-08-98
Comptroller - Fiscal Officer	x	x	05-13-98
Comptroller - Statewide Financial Opinion	x		12-31-97
Correctional Industries	x		03-24-98
Court of Claims	x	x	03-24-98
Criminal Justice Information Authority	x	x	03-24-98
Department of Alcoholism and Substance Abuse	x	x	05-06-98
Department of Central Management Services - Deferred Compensation Plan Fund	x		07-22-98
Department of Central Management Services - Internal Service & Enterprise Fund	x		03-24-98
Department of Employment Security	x	x	03-26-98
Department of Human Rights	x	x	03-05-99
Department of Insurance	x	x	03-18-98
Department of Insurance - Special Deputy	x	x	03-19-99
Department of Labor	x	x	03-26-98
Department of Lottery	x	x	04-15-98
Department of Mental Health and Developmental Disabilities	x	x	03-12-98
Department of Nuclear Safety	x	x	05-06-98

FINANCIAL & COMPLIANCE AUDITS (Continued)

AGENCY	F	C	DATE RELEASED
Department of Professional Regulation	x	x	03-18-98
Department of Public Aid	x	x	05-06-98
Department of Public Health	x	x	03-18-98
Department of Rehabilitation Services	x	x	05-06-98
Department of Revenue	x	x	04-15-98
Department of Transportation	x		03-24-98
Development Finance Authority	x	x	03-05-98
DuQuoin State Fair	x	x	04-15-98
Eastern Illinois University	x	x	04-23-98
Eastern Illinois University Alumni Association	x	x	04-23-98
Eastern Illinois University Foundation	x	x	04-23-98
Economic and Fiscal Commission		x	04-08-98
Educational Facilities Authority	x	x	03-05-98
Educational Labor Relations Board	x	x	03-26-98
Elgin Mental Health Center	x	x	03-12-98
Emergency Management Agency	x	x	03-18-98
Farm Development Authority	x	x	03-05-98
Fox Mental Health Center		x	03-12-98
General Assembly - House		x	05-13-98
General Assembly - Senate		x	05-13-98
General Assembly Retirement System	x	x	01-27-98
Governor	x	x	05-13-98
Governors State University	x	x	04-23-98
Governors State University Alumni Association	x	x	04-23-98
Governors State University Foundation	x	x	04-23-98
Grain Insurance Corporation	x	x	04-15-98
Guardianship and Advocacy Commission	x	x	03-18-98
Health Facilities Authority	x	x	03-05-98
High School Association	x	x	04-08-98
Housing Development Authority	x	x	03-05-98
Howe Mental Health Center		x	03-12-98
Human Rights Commission	x	x	03-26-98
Illinois Center for Rehab. And Education	x	x	07-22-98

FINANCIAL & COMPLIANCE AUDITS (Continued)

AGENCY	F	C	DATE RELEASED
Illinois Conservation Foundation	x		01-29-98
Illinois Distance Learning Foundation	x	x	05-13-98
Illinois Gaming Board	x	x	04-15-98
Illinois Literacy Foundation	x	x	05-13-98
Illinois Math and Science Academy	x	x	05-06-98
Illinois Public Treasurers Investment Pool	x		01-29-98
Illinois Rural Bond Bank	x	x	03-05-98
Illinois State Fair	x	x	04-15-98
Illinois State University	x	x	04-23-98
Illinois State University Foundation	x		04-23-98
Illinois Student Assistance Commission	x		03-18-99
IMSA Fund	x	x	05-06-98
Industrial Commission	x	x	03-26-98
ISAC - Designated Account Purchase	x		03-05-99
Jacksonville Mental Health Center		x	03-12-98
Judges Retirement System	x	x	01-27-98
Kankakee River Valley Area Airport Authority	x	x	07-22-98
Kiley Mental Health Center	x	x	03-12-98
Legislative Audit Commission		x	04-08-98
Legislative Printing Unit		x	04-08-98
Legislative Reference Bureau	x	x	04-08-98
Legislative Research Unit		x	04-08-98
Lieutenant Governor	x	x	05-13-98
Lincoln Mental Health Center		x	03-12-98
Ludeman Mental Health Center		x	03-12-98
Mabley Mental Health Center		x	03-12-98
Madden Mental Health Center	x	x	03-12-98
McFarland Mental Health Center		x	03-12-98
Metro. Water Reclamation District	x	x	03-05-99
Metropolitan Child and Adolescents Center		x	03-12-98
Metropolitan Pier and Exposition Authority	x		07-22-98
Murray Mental Health Center		x	03-12-98
Northeastern Illinois University	x	x	07-22-98

FINANCIAL & COMPLIANCE AUDITS (Continued)

AGENCY	F	C	DATE RELEASED
Northeastern Illinois University Foundation	x		07-22-98
Northern Illinois University	x	x	04-23-98
Northern Illinois University Foundation	x		04-23-98
Pension Laws Commission		x	07-22-98
Planning Council on Developmental Disabilities	x	x	03-18-98
Prairie State 2000 Authority	x	x	03-26-98
Public School Teachers Pension and Retirement Fund of Chicago		x	04-08-98
Rural Bond Bank	x	x	03-05-98
School for the Deaf	x	x	05-06-98
School for the Visually Impaired	x	x	05-06-98
Secretary of State	x	x	05-13-98
Shapiro Mental Health Center		x	03-12-98
Singer Mental Health Center		x	03-12-98
SIU - Carbondale Alumni Association	x		01-29-98
SIU - Carbondale Alumni Association		x	04-23-98
SIU - Carbondale Foundation	x		01-29-98
SIU - Carbondale Foundation		x	04-23-98
SIU - Carondale Foundation ET	x		01-29-98
SIU - Edwardsville Alumni Association	x		01-29-98
SIU - Edwardsville Alumni Association		x	04-23-98
SIU - Edwardsville Foundation	x		01-29-98
SIU - Edwardsville Foundation		x	04-23-98
SIU - University Park	x		01-29-98
SIU - University Park		x	04-23-98
Southern Illinois University	x	x	04-23-98
Space Needs Commission		x	04-08-98
State Board of Education	x		04-08-98
State Board of Elections		x	04-29-98
State Board of Investment	x	x	01-27-98
State Employees Retirement System	x	x	01-27-98
State Labor Relations Board		x	03-26-98
State Universities Civil Service System	x	x	04-29-98

FINANCIAL & COMPLIANCE AUDITS (Continued)

AGENCY	F	C	DATE RELEASED
State Universities Retirement System	x	x	01-27-98
Summer School for the Arts	x	x	04-08-98
Supreme Court	x	x	05-13-98
Teachers Pension and Retirement System - Chicago	x	x	04-08-98
Teachers Retirement System	x	x	01-27-98
Tinley Park Mental Health Center		x	03-12-98
Toll Highway Authority	x	x	03-05-99
Treasurer - Fiscal Officer	x	x	05-13-98
Treasurer - Non fiscal Officer	x	x	05-13-98
UIHMO, Inc.	x		01-29-98
UIHMO, Inc.	x		07-22-98
University of Illinois	x	x	04-23-98
University of Illinois - Chicago HMO	x		01-29-98
University of Illinois Alumni Association	x		01-29-98
University of Illinois Foundation	x		01-29-98
Western Illinois University	x	x	04-23-98
Western Illinois University Foundation	x	x	04-23-98
Zeller Mental Health Center		x	03-12-98

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**FINANCIAL & COMPLIANCE AUDITS
FOR THE PERIOD ENDING JUNE 30, 1998**

F = Financial

C = Compliance

AGENCY	F	C	DATE RELEASED
Aging	x	x	03-25-99
Anna Veterans Home			
Attorney General			
Big Muddy River Correctional Center			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Capital Development Board	x	x	03-05-99
Central Management Services & Revolving Funds		x	03-10-99
Centralia Correctional Center			
Chicago Metro. - Close Out		x	03-18-99
Chicago State University			
Chicago State University Foundation			
Children and Family Services			
CMS - Deferred Compensation Plan			
Commerce and Community Affairs	x	x	03-18-99
Community College Board	x	x	03-05-99
Community College System Foundation			
Comptroller - Fiscal Officer	x	x	03-05-99
Comptroller - Non-Fiscal Officer			
Conservation Foundation	x	x	02-11-99
Correctional Industries			
Corrections - General Office			
Corrections School District			
Danville Correctional Center			
Deaf and Hard of Hearing Commission			
Decatur Womens Correctional Center			
Development Finance Authority			
Dixon Correctional Center			
DuQuoin State Fair		x	03-10-99
Dwight Correctional Center			
East Moline Correctional Center			
East St. Louis Financial Advisory Authority	x	x	03-18-99
Eastern Illinois University			
Eastern Illinois University Alumni Association			
Eastern Illinois University Foundation			
Educational Facilities Authority			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Employment Security	x		03-25-99
Environmental Protection Agency			
EPA Trust Fund Commission (In EPA)			
Farm Development Authority			
Financial Institutions	x	x	03-18-99
General Assembly Retirement System	x	x	01-27-99
Governors State University			
Governors State University Alumni Association			
Governors State University Foundation			
Governors Commission on Status of Women			
Graham Correctional Center			
Grain Insurance (6/30/99)			
Health Care Cost Containment Council			
Health Facilities Authority			
Hill Correctional Center			
Historic Preservation Agency	x	x	03-25-99
Housing Development Authority			
Human Services - Central Office			
Illinois Institute for Entrepreneurship Education			
Illinois Conservation Foundation			
Illinois River Correctional Center			
Illinois State Fair		x	03-10-99
Illinois State University			
Illinois State University Foundation			
Illinois Youth Center - Harrisburg			
Illinois Youth Center - Joliet			
Illinois Youth Center - Murphysboro			
Illinois Youth Center - Pere Marquette			
Illinois Youth Center - St. Charles			
Illinois Youth Center - Valley View			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Illinois Youth Center - Warrenville			
IMSA Fund	x		03-18-99
Industrial Commission - Self Insurers Fund	x		03-25-99
Insurance - Special Deputy			
ISAC- Designated Account Purchase	x		03-18-99
Jacksonville Correctional Center			
Joint Committee on Administrative Rules			
Joliet Correctional Center			
Judges Retirement System	x	x	01-27-99
Judicial Inquiry Board			
Kankakee Airport Authority			
LaSalle Veterans Home			
Law Enforcement Training & Stand. Board	x	x	03-10-99
Legislative Information System			
Lincoln Correctional Center			
Liquor Control Commission	x	x	02-24-99
Logan Correctional Center			
Lottery	x	x	02-24-99
Manteno Veterans Home			
Manufacturing Technology Alliance			
Mathematics & Science Academy	x	x	03-18-99
Medical District Commission			
Menard Correctional Center			
Metro Water Reclamation District			
Metropolitan Children & Adolescent Center			
Military Affairs		x	03-10-99
Natural Resources	x	x	03-25-99
Northeastern Illinois University			
Northeastern Illinois University Foundation			
Northern Illinois University			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Northern Illinois University Foundation			
Office of Banks and Real Estate	x	x	03-18-99
Pinckneyville Correctional Center			
Pollution Control Board	x	x	03-25-99
Pontiac Correctional Center			
Prairie State 2000 Authority			
Prisoner Review Board		x	03-10-99
Property Tax Appeal Board		x	03-05-99
Public Aid			
Quincy Veterans Home			
Racing Board	x	x	02-24-99
Revenue	x		03-10-99
Robinson Correctional Center			
Rural Bond Bank			
Secretary of State			
Sex Offender Management Board			
Shawnee Correctional Center			
Sheridan Correctional Center			
SIU Carbondale - Alumni	x		02-11-99
SIU Carbondale - Foundation	x		02-11-99
SIU Edwardsville - Alumni	x		02-11-99
SIU Edwardsville - Foundation	x		02-11-99
SIU Physicians & Surgeons, Inc.	x		02-11-99
SIU University Park	x		02-11-99
Southern Illinois University			
Southwestern Illinois Correctional Center			
State Appellate Defender	x	x	02-24-99
State Board of Education			
State Board of Investment	x	x	01-27-99
State Employees Retirement System	x	x	01-27-99

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
State Fire Marshal			
State Police			
State Police Merit Board			
State Universities Retirement System	x	x	01-27-99
State's Attorneys Appellate Prosecutor	x	x	02-24-99
Stateville Correctional Center			
Student Assistance Commission	x	x	03-05-99
Tamms Correctional Center			
Taylorville Correctional Center			
Teachers Retirement System	x	x	01-27-99
Toll Highway Authority			
Transportation			
Treasurer - Fiscal Officer			
Treasurer - The Illinois Funds	x		2-11-99
University of Illinois			
University of Illinois Alumni Association			
University of Illinois Foundation			
University of Illinois HMO			
University of Illinois Lincolnland Power			
Vandalia Correctional Center			
Veterans Affairs - General Office			
Vienna Correctional Center			
Violence Prevention Authority PA 89-353			
Western Illinois Correctional Center			
Western Illinois University			
Western Illinois University Foundation			
Wildlife Prairie Park Commission			

INFORMATION SYSTEMS AUDITS

These audits are components of each agency's regularly scheduled financial and compliance audit for the period ending June 30, 1998.

<i>INFORMATION SYSTEMS AUDITS AUDITS INITIATED AND/OR COMPLETED IN FISCAL YEAR 1999</i>	
•	Central Management Services - BCCS 3 rd Party Review
•	Children and Family Services
•	Comptroller
•	Corrections -General Office
•	Environmental Protection Agency
•	Health Care Cost Containment Council
•	Legislative Information System
•	Liquor Control Commission
•	Office of Banks and Real Estate
•	State Board of Education
•	State Employees Retirement System
•	State Fire Marshal
•	University of Illinois
•	Veterans Affairs - General Office

EMERGENCY PURCHASES

The Illinois Procurement Code requires agencies expending funds in an emergency to file an affidavit with the Auditor General within 10 days after the procurement, setting forth the amount expended, the name of the contractor, and the circumstances requiring the emergency purchase. The Auditor General, in turn, is required to file a quarterly report with the Commission and the Governor setting forth a complete listing of all emergency purchases reported during that quarter. The latest report is for the third quarter of Fiscal Year 1999 and it contains one hundred thirteen filings with this Office.

CONTRACTUAL SERVICES CERTIFICATIONS

Pursuant to the requirements of the State Finance Act at 30 ILCS 105/15a, State agencies must file a certification with the Auditor General prior to the execution of any contract with a former employee who took an early retirement incentive. The certification must state that the former employee either possesses unique expertise or is essential to the operation of the agency.

During the third quarter of Fiscal Year 1999, the Auditor General did not receive any contractual services certifications.

Copies of certifications received in previous quarters are on file in our Office.

Yours truly,

WILLIAM G. HOLLAND
Auditor General